

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 5050

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E.O. 11652: N/A

TAGS: ETDR, MTN, CA

SUBJECT: CANADIAN STEEL PRODUCER CALLS FOR MAINTENANCE OF STEEL
TARIFFS

1. A LOWERING OF STEEL TARIFFS BY PARTICIPANTS IN THE MTN WOULD
NOT INCREASE CANADIAN STEEL EXPORT OPPORTUNITIES, BUT WOULD RATHER
BE INJURIOUS TO BASIC STEEL PRODUCTION IN CANADA, ACCORDING TO
JOHN MACNAMARA, PRESIDENT OF ALGOMA STEEL CORP LTD., ONE OF
CANADA'S LEADING PRODUCERS.

2. THE DANGER WOULD COME FROM OFFSHORE PRODUCERS WHO HAVE BUILT
OR ARE BUILDING CAPACITY TO EXPORT "UPWARDS OF ONE THIRD" OF
ANNUAL PRODUCTION. FOR A WHILE THOSE EXPORTS COULD BE DIRECTED
TO STEEL DEFICIENT COUNTRIES, BUT AS DEVELOPING COUNTRIES BRING
NEW CAPACITY INTO PRODUCTION THEY WILL COVER THEIR OWN REQUIREMENTS
AND WILL ALSO JOIN CURRENT EXPORTERS IN A
SEARCH FOR FOREIGN MARKETS. "CANADA WILL BECOME ONE OF THE
PRIME TARGET COUNTRIES FOR THESE EXPORTS...." NOT ONLY THE COASTS
ARE VULNERABLE TO IMPORTS, BUT ALSO "THE BERY HEART OF THE NORTH
AMERICAN INDUSTRIAL MARKET" BECAUSE OF LOW COST TRANSPORTATION
VIA THE SEAWAY AND LAKES.

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3. PART OF THE PROBLEM IS THE WORLD WIDE EXPANSION OF STEEL
PRODUCTION. ACCORDING TO MACNAMARA ONLY 32 COUNTRIES PRODUCED STEEL
IN 1950, WHEREAS BY 1980 HE CITED ESTIMATES THAT 84 COUNTRIES WILL
BE PRODUCING AND THAT BY 2000 30 PERCENT OF THE WORLD'S STEEL
SUPPLY WOULD COME FROM "DEVELOPING COUNTRIES", COMPARED TO
10 PERCENT TODAY.

4. THE OTHER PART IS EVER INCREASING PROPORTION OF WORLD STEEL SUPPLY FROM GOVERNMENT OWNED OR CONTROLLED MILLS - CURRENTLY 44 PERCENT OF RAW STEEL PRODUCTION GOVERNMENT OWNED AND ANOTHER 29PERCENT INDIRECTLY OWNED OR CONTROLLED BY GOVERNMENT (10 PERCENT OF CANADAIN PRODUCTION UNDER GOVERNMENT CONTROL). GOVERNMENT OWNED MILLS HAVE ENORMOUS FINANCIAL ADVANTAGES OFVER PRIVATE COMPANIES AND TEND TO MAINTAIN PRODUCTION IN FACE OF DECLINING DEMAND IN ORDER TO MAINTAIN EMPLOYMENT, LEADING TO PREDATORY MARKETING PRACTICES.

5. ALGOMA HAS PETITIONED FEDERAL GOVERNMENT TO INVESTIGATE ALLEGED DUMPING OF WIDE FLANGE BEAMS FROM UK, FRANCE, JAPAN, LUXEMBOURG, AND SOUTH AFRICA, "AT APPARENT DUMP MARGINS UP TO 40 DOLLARS PER TON."
DIGGINS

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